

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC: PSI: B02 – PLR-126877-06

Date:

September 28, 2006

X =

State =

Date 1 =

Dear

This responds to a letter dated September 12, 2005, and subsequent correspondence, submitted on behalf of X by X's authorized representative, requesting relief under § 1362(b)(5) of the Internal Revenue Code.

X was incorporated on Date 1 under the laws of State. It was intended for X to be treated as an S corporation effective Date 1, but no Form 2553, Election by a Small Business Corporation, was timely filed for X. X requests to be treated as an S corporation effective Date 1.

Section 1362(a) provides that a small business corporation may elect to be an S corporation. Section 1362(b) provides the rule on when an S election will be effective.

Section 1362(b)(5) provides that if: (1) no §1362(a) election is made for any taxable year, and (2) the Secretary determines that there was reasonable cause for the failure to timely make such election, then the Secretary may treat such an election as timely made for such taxable year.

X did not timely file an election to be treated as an S corporation under § 1362(a) effective Date 1. X has, however, established reasonable cause for not making a timely S election and is entitled to relief under § 1362(b)(5).

Based solely on the facts submitted and the representations made, and provided that X otherwise qualifies as an S corporation, we conclude that X will be treated as an S corporation effective Date 1. Within 60 days from the date of this letter, X should

submit a properly completed Form 2553, effective Date 1, with a copy of this letter attached, to the appropriate service center.

Except as specifically set forth above, no opinion is expressed or implied as to the federal income tax consequences of the transaction described above under any other provision of the Code. Specifically, no opinion is expressed concerning whether X otherwise qualifies as an S corporation for federal tax purposes.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to X's first and second authorized representatives.

Sincerely,

/s/

J. Thomas Hines  
Chief, Branch 2  
Office of the Associate Chief Counsel  
(Passthroughs and Special Industries)

Enclosures (2):  
Copy of this letter  
Copy for section 6110 purposes

cc: